

June 23, 1987

REPORT TO THE HONORABLE
MAYOR AND CITY COUNCIL
OFFICE OF THE CITY ATTORNEY BUDGET, 1987-88 FISCAL YEAR

At your June 4 review of the City Attorney's 1987-88 budget, several Councilmembers asked for additional information, principally with respect to our unfunded requests not included in the City Manager's recommended budget. This report is in response to your inquiries.

Many of the questions are answered in the City Manager's memorandum dated June 18. That report was prepared by the Financial Management Department with substantial input on City Attorney's budget issues from my office.

One issue raised on June 4, however, was directed expressly to my office:

Is it more cost effective to have in-house attorneys for CCDC and Housing Commission than to contract out this service? Can this be phased in over a period of time?

More specifically, we were asked to review and respond concerning our potential role as attorneys for nonprofit corporations such as CCDC, SEDC, Data Processing, Convention Center and Facilities and Leasing Corporations, as well as for the Housing Commission and the Redevelopment Agency.

The Financial Management Director has supplied us with the budgeted expenses for legal consultants for each of the following City agencies:

Agency	FY 87	FY 88
Economic Development Div.	\$ 7,247	\$ 6,004
CCDC	180,000	260,000
Housing Commission	152,145	99,064
Data Processing Corp.	35,000	39,500
Convention Center Corp.	26,000	50,000
Facility & Equipment Leasing Corp.	10,000	50,000
SEDC	91,615	160,000
	\$502,007	\$664,568

In addition, I am advised that Redevelopment Agency expenditures for legal services in Fiscal Year 1986-87 are approximately \$175,000, broken down as follows:

Weiser, Kane & Balmer	\$108,000
Jennings, Engstrand & Henrickson	36,000
Louis Goebel	6,800
City Attorney's Office	23,000
	\$173,000

I do not believe that my office ethically can attempt to act as legal counsel for the various nonprofit corporations. They are separate legal entities with whom the City has contractual relationships. Our interests are not always identical with theirs and I do not believe we can validly act as legal counsel to the City, the Redevelopment Agency and the Housing Authority and perform the same basic legal services to the contracting nonprofits, without raising substantial ethical and compatibility problems.

As to the possibility of increasing our role in the areas now covered by the Weiser (Bruce Ballmer) and Jennings (Larry Marshall) firms for "transactional" legal services (e.g., negotiation of disposition and development agreements) to the Redevelopment Agency (via CCDC and SEDC), the problem is our lack of trained personnel in these areas. To this end, if given additional deputy positions which we could specifically assign for training by working with Mr. Ballmer and other members of the Weiser firm, we could increase our role gradually and probably reduce fees. However, such a first year increase in our budget should not be at the expense of Redevelopment Agency legal services budget because we have no way of guaranteeing any reduction now.

Finally, by way of a memorandum on June 11, Councilmember Wolfsheimer asked a series of 21 questions on operational statistics, all but one of them (No. 19) with respect to the Criminal Division. In response to Ms. Wolfsheimer's inquiry, Senior Chief Deputy City Attorney Stuart H. Swett sent me the June 22 memorandum I have attached. With respect to Question 19 ("How many investigations are employed to handle PI cases?"), the answer is four.

Respectfully submitted,
JOHN W. WITT
City Attorney

JWW:c:016(x043.1)
Attachment
RC-87-21